

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

AMERICAN POWERNET
REPLY COMMENTS

COMPETITIVE MARKET INITIATIVES
D.T.E. 01-54

JANUARY 14, 2002

Competitive Market Initiatives, D.T.E. 01-54 (Phase II)
American PowerNet Reply Comments

American PowerNet hereby files these reply comments to the initial comments filed for Phase II of this proceeding. American PowerNet would like to reinforce the proposal made by Usource dated January 4, 2002.

Specifically, American PowerNet would like to support and attest to the viability of an independent third party administering the “bidding and brokering” function outlined in Usource’s proposal. In fact, we believe this independent structure solves the problem of the obvious conflict of interest that would arise if the utilities were to administer the brokering themselves as suggested in the initial comments of Boston Edison Company, Cambridge Electric Light Company, d/b/a NSTAR Electric. We believe the utilities proposal to provide “brokerage services” themselves puts them in a position of a conflict of interest and also stifles existing and growing market solutions such as independent third party energy procurement services. As an example, if the utilities were to provide brokerage services, how would they be able to recommend specific suppliers and specific contracts to specific customers? What if the potential customer is unaware of the additional risks in the lowest priced contract? Is the utility going to warn the customer of this? Historically, utilities have not even been able to offer opinions on who is a viable supplier in the Commonwealth and who is not - simply offering a list of who has a license when asked for help by their customers.

The Usource proposal solves this dilemma that handcuffs the utilities with a solution that is already working effectively in the Massachusetts electric market. A market solution of independent energy procurement/brokering that is already growing without any assistance from the utilities because it meets a vital customer need. Customers are still very confused and do not know who to trust, what to believe, nor do they generally want to take the time to find the answers. Truly independent companies, such as American PowerNet, fill this void by educating each customer on how deregulation specifically affects their account(s), and providing a little more knowledge and negotiating leverage on the side of the customer. As an independent company not affiliated with any utility or marketer, potential customers

quickly determine American PowerNet does not have a conflict of interest when making a recommendation to them, hence the trust. As an independent third party working with the utilities to assist companies take advantage of deregulation, there would be a number of benefits.

- ?? The customer would receive unbiased independent information on the energy markets.
- ?? More companies would participate.
- ?? Customer's data could be kept confidential until the customer was ready to award the contract.
- ?? Customers would have independent energy expertise looking out for their best interests.
- ?? There is no out-of-pocket cost to the customer as the fees are paid by the winning supplier(s), which is based on a volumetric scale.

We would like to emphasize to the DTE that the biggest benefit of all is that this structure tips the advantages more in favor of the customer. The customers are given tools that educate them; that give them purchasing leverage; that give them expertise in the market. This all leads to more participation, higher satisfaction and less complaints, and ultimately to a more efficient market.

American PowerNet respectfully suggests that in the implementation of the Usource Proposal, truly independent companies, such as American PowerNet be considered as well for its implementation.

From our vantage point the Usource Proposal is the only proposal that offers a proven market solution that breaks away from the status quo of utilities simply supplying marketers with customer lists. There isn't a market in the United States where this "solution" has proven to work effectively. The DTE has done an excellent job in shepherding the market to this point and protecting the customers of Massachusetts. The DTE is now in the position to empower the customers of Massachusetts.

Background: American PowerNet is an independent energy manager licensed in Massachusetts as an *Electricity Broker* (License Number EB-021). American PowerNet is not affiliated with any utility or energy marketer and is currently procuring power on behalf of thousands of commercial,

governmental and industrial customers in virtually all of the major deregulated states.

Wherefore, American PowerNet requests that the DTE consider these reply comments in determining whether third party energy procurement/brokering, with the assistance of the utilities, is implemented, and if so, how it should be implemented.

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Respectfully submitted,
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